



MATT BLUNT, GOVERNOR • DEBORAH E. SCOTT, DIRECTOR

P.O. BOX 1527 • BROADWAY STATE OFFICE BUILDING • JEFFERSON CITY, MO 65102-1527  
WWW.DSS.MO.GOV • 573-751-4815 • 573-751-3203 FAX

December 30, 2008

The Honorable Matt Blunt  
Governor of the State of Missouri  
State Capitol Building, Room 216  
Jefferson City, Missouri 65101

Dear Governor Blunt:

Governor, we share a mutual interest in improving the state's health care system. As you know, Missouri continues to experience a shortage of health care professionals and the MO HealthNet program shares the consequences of this shortage.

Senate Bill 577 (2007) brought a renewed focus on increasing reimbursement, and the Department of Social Services is employing it as part of a multi-pronged approach to attract health care providers for MO HealthNet participants. The enclosed analysis reveals this heightened focus has resulted in progress toward reaching parity with Medicare rates.

I will be happy to discuss this report with you as needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Deborah E. Scott'.

Deborah E. Scott  
Director

Enclosure

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December 30, 2008

The Honorable Michael R. Gibbons  
President Pro Tem  
Missouri Senate  
State Capitol, Room 326  
Jefferson City, Missouri 65101

Dear Senator Gibbons:

We share a mutual interest in improving the state's health care system. As you know, Missouri continues to experience a shortage of health care professionals and the MO HealthNet program shares the consequences of this shortage.

Senate Bill 577 (2007) brought a renewed focus on increasing reimbursement, and the Department of Social Services is employing it as part of a multi-pronged approach to attract health care providers for MO HealthNet participants. The enclosed analysis reveals this heightened focus has resulted in progress toward reaching parity with Medicare rates.

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December 30, 2008

The Honorable Charlie Shields  
President Pro Tem-elect  
Missouri Senate  
State Capitol, Room 320  
Jefferson City, Missouri 65101

Dear Senator Shields:

We share a mutual interest in improving the state's health care system. As you know, Missouri continues to experience a shortage of health care professionals and the MO HealthNet program shares the consequences of this shortage.

Senate Bill 577 (2007) brought a renewed focus on increasing reimbursement, and the Department of Social Services is employing it as part of a multi-pronged approach to attract health care providers for MO HealthNet participants. The enclosed analysis reveals this heightened focus has resulted in progress toward reaching parity with Medicare rates.

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December 30, 2008

The Honorable Rod Jetton  
Speaker of the House  
Missouri House of Representatives  
State Capitol Room 308  
Jefferson City, Missouri 65102

Dear Speaker Jetton:

We share a mutual interest in improving the state's health care system. As you know, Missouri continues to experience a shortage of health care professionals and the MO HealthNet program shares the consequences of this shortage.

Senate Bill 577 (2007) brought a renewed focus on increasing reimbursement, and the Department of Social Services is employing it as part of a multi-pronged approach to attract health care providers for MO HealthNet participants. The enclosed analysis reveals this heightened focus has resulted in progress toward reaching parity with Medicare rates.

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December 30, 2008

The Honorable Ronald F. Richard  
Speaker-Elect of the House  
Missouri House of Representatives  
State Capitol Building  
Jefferson City, Missouri 65101

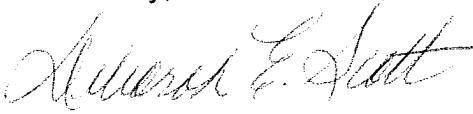
Dear Speaker-Elect Richard:

We share a mutual interest in improving the state's health care system. As you know, Missouri continues to experience a shortage of health care professionals and the MO HealthNet program shares the consequences of this shortage.

Senate Bill 577 (2007) brought a renewed focus on increasing reimbursement, and the Department of Social Services is employing it as part of a multi-pronged approach to attract health care providers for MO HealthNet participants. The enclosed analysis reveals this heightened focus has resulted in progress toward reaching parity with Medicare rates.

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Deborah E. Scott  
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# MoHealthNet

**Provider Reimbursement  
Rate Study**



**Fiscal Year 2009 Rates**

December 2008

## Introduction

Section 208.152.1(23) of the Revised Statutes of Missouri requires the MO HealthNet Division (MHD) to *annually . . . report the status of MO HealthNet provider reimbursement rates as compared to one hundred percent of the Medicare reimbursement rates and compared to the average dental reimbursement rates paid by third-party payors licensed by the state*. The MHD submitted the first rate study on January 1, 2008, and the July 2008 *Four-Year Plan to Reach Reimbursement Parity* (also referred to as the Four-Year Plan). This study is based on state fiscal year (SFY) 2009 rates.

## Methodology

To complete this study, utilization reports were obtained from the Medicaid Management Information System (MMIS) for Ambulance, Audiology, Dental, Durable Medical Equipment, Optical, Physician and Rehabilitation Center Therapy for SFY-2008. These reports identified the type of service, provider type, units paid, paid amount, procedure codes, modifiers and the pricing indicator. The MO HealthNet allowed amount for SFY-2009 and the Medicare allowed amount as of January 1, 2008, were also obtained from the MMIS.

Some MO HealthNet programs are not included in this report. Please see the table (*below*) for a detailed explanation.

MO Health Net Program Areas Excluded from this Rate Study	
MO HealthNet	Rationale
Comprehensive Day Rehab	This program is unique to Missouri and valid Medicare comparisons are not available.
Federally Qualified Health Center (FQHC)	Both Medicare and MO HealthNet reimburse FQHCs 100% of cost based on settlements through audited cost reports, per federal law.
Home Health	MO HealthNet reimburses on a per visit basis, while Medicare reimburses per episode of diagnosis. Valid comparisons between the two reimbursement methodologies are not possible.
Hospice	Rates are established annually by Medicare and authorized by Section 1814 (l)(1)(C)(ii) of the Social Security Act. Since MO HealthNet's reimbursement mirrors Medicare reimbursement, no adjustments are required.

### MO Health Net Program Areas Excluded from this Rate Study

MO HealthNet	Rationale
Hospitals	MO Health reimburses hospitals using a rate per day. Medicare reimburses hospitals through Diagnostic Related Groups (DRGs). Through the DRG system, Medicare has established set amounts to pay hospitals for each diagnosis. The reimbursement methodologies used by MO HealthNet and Medicare are so different, no comparability is possible.
Non-Emergency Medical Transportation (NEMT)	Medicare does not cover NEMT. MO HealthNet NEMT capitated rates are paid for each participant based on a contractual arrangement. Reimbursement rates must be actuarially sound.
Nursing Facilities	Most nursing facility beds in Missouri are paid through the MO HealthNet program using a rate per day based on individual cost reports. Comparability to Medicare is not possible because Medicare only pays for nursing facility care in very limited circumstances and then for only a very limited time in limited amounts.
Pharmacy	MO HealthNet reimburses at lower of Wholesale Acquisition Cost (WAC) plus 10%; the Federal Upper Limit (FUL), the Missouri Maximum Acquisition Cost (MAC) or billed charge. Medicare Part D is based on capitated rates and comparability to MO HealthNet is not possible.
Rural Health Center (RHC)	Both Medicare and MO HealthNet reimburse RHCs 100% of cost based on settlements through audited cost reports, per federal law.
State Institutions	The reimbursement methodology for state institutions is similar to that of the MO HealthNet Hospital program.
School-Based Therapy	Services are provided for children in a school-based setting. Medicare does not reimburse for these types of services.

### Comparison to MO HealthNet When Medicare or Dental Rates Were Available

- When available, the current Medicare allowed amount was obtained through the MMIS.
- If the Medicare rates were unavailable from the MMIS, MHD relied on rates from Wisconsin Physicians Service Insurance Corporation (WPS), (<http://www.wpsic.com/medicare>, 2008), the Centers for Medicare and Medicaid Services (CMS) contracted intermediary for the state of Missouri.
- For Dental rates, MHD used the *2008 National Dental Advisory Service Fee Report* (Wasserman, 2008). Target rates were at the 50<sup>th</sup> percentile, meaning half of dentists charge more and half charge less than the target rate. This is referred to as the UCR target throughout the report.
- Data was grouped according to the age of the participant on the date of service. Children were defined as individuals under the age of 21, and adults were defined as individuals age 21 and over.

- Codes were grouped together logically for each program area. Codes not utilized in SFY-2008 were excluded from the analysis.
- The reported measures include number of codes, units of service, MHD cost, comparison group cost and the MHD cost as a percentage of the comparison group.
- The MHD cost was computed by multiplying the number of units delivered for each code by the current MO HealthNet allowed amount. This calculation was used instead of the amount paid because the amount paid reflects adjustments.
- The comparison group cost was calculated by multiplying the number of units delivered for each code by the current allowable Medicare or dental UCR.
- The percentage comparison rate was calculated by measuring the MHD cost as a percentage of the comparison group.

#### *Analysis of MO HealthNet Rates With No Medicare Comparison*

- In some cases, Medicare does not cover a MO HealthNet procedure so comparisons were not possible. In these instances, DSS used two proxies for the Medicare benchmark: 1) an average of rates from other states with similar Medicaid reimbursement methodology (state proxy); and, 2) the Consumer Price Index (CPI).
  - 1) To establish an appropriate Medicare benchmark, DSS chose three neighboring states (Arkansas, Iowa and Oklahoma) with Medicaid reimbursement methodologies similar to Missouri. These states were also selected because their Medicaid reimbursement approximated Medicare rates (Arkansas at 82%, Iowa at 95% and Oklahoma at 100% in 2008).

Finally, a sampling of codes revealed Medicare rates in these states were within 20% of Missouri's Medicare rates. The states' rates required three adjustments before comparing to MO HealthNet's rates:

- Adjustment of the state's Medicaid rate to the state's Medicare rate, then,

- Adjustment to Missouri's Medicare rates. (See example, right.)
- Target rates were trended by 0.5% to arrive at the SFY-2009 target comparison. The 0.5% was chosen to mirror the trend that Medicare retroactively applied to their rates for the January 2008 to June 2008 pursuant to *Medicare Improvements for Patients and Providers Act of 2008* (<http://www.cms.hhs.gov/apps/media/press/factsheet.asp?Counter=3200>, 2008).

2) CPI is a measure of the average change in prices of goods and services purchased over time by households. Where a Medicare or a state proxy was not available, DSS applied the annual medical care CPI, which was 2.2 for all urban consumers in the Midwest in March 2008 (Bureau of Labor Statistics, 2008), to the MO HealthNet current rate. The CPI was applied to the MO HealthNet current rate for one year to arrive at a target. Only 0.5% of the cost to reach parity was calculated using the CPI methodology.

**Arriving at Average Rate for Arkansas**

Arkansas' Medicaid rates were generally 82% of that state's Medicare rates; however, Arkansas' Medicare rates were 93% of Missouri's Medicare rates. If Arkansas has a Medicaid rate of \$100 for a procedure code, the rate was increased to 100% of Arkansas' Medicare rate, or \$121.95 ( $\$100/82\% = \$121.95$ ). Then, the rate was increased to Missouri's Medicare rate for comparability ( $\$121.95/93\% = \$131.13$ ). This rate was adjusted by a trend of 0.5% to arrive at a 2009 rate ( $\$131.13 \times 1.005 = \$131.78$ ).

**Medical CPI of 2.2% as Proxy for At-Risk Assessments for Prenatal Care**

SFY-2009 Current Rate	\$8.00
Target Rate	\$8.18
(\$8.00 x 1.02 = \$8.18)	

### *Manually Priced Codes*

- Some medical supplies and durable medical equipment are manually priced therefore we cannot compare them to Medicare or proxy rates. The amount paid in SFY- 2008 for these items is reported in the Appendix.

### *Missouri Vaccine for Children Program*

- The Missouri Vaccine for Children (VFC) Program reimburses MO HealthNet for the administration fee of the immunization. Missouri is allowed to pay up to \$15.07 per antigen in each administration. Therefore, the highest possible rate is the target rate for this program. Parity percentages for VFC are shown in the Appendix under the Physician program.

## *Rates in Excess of Medicare*

Some MO HealthNet procedure code rates currently exceed Medicare reimbursement. Those codes were included in this analysis at their current rate.

### *Factors Influencing the Parity Comparison*

- Several factors may be influencing this parity comparison:

- The Medicare or UCR target changed. Medicare lowered some rates in federal fiscal year (FFY) 2008 and raised some rates though the overall trend was an increase of 0.5%.

- If a specific Medicare rate was lowered and the MO HealthNet rate remained constant then the parity percentage for that code would have increased. This occurred in some codes billed in the Physician program, which explains why the percentage of parity increased. Conversely, if Medicare raised its rate and the MO HealthNet rate remained constant then the parity percentage decreased.

- The UCR target for the Dental program also changed from the previous year. Therefore, a similar effect may have occurred in the Dental program.
- The methodology used in calculating the comparison costs' aggregated codes, their rates and utilization may influence findings. Utilization reports were updated to SFY-2008 utilization. If utilization changed between years, the percentage of parity may have fluctuated too. Likewise, the addition of newly utilized codes in SFY-2008 would influence the parity percentage.

Summary of Reimbursement Parity by Comparison Group SFY-2009 Rates			
Program	Comparison Group		
	Medicare/ UCR	State Proxy	CPI
Ambulance	42%	62%	98%
Audiology	60%	62%	98%
Dental*	38%	70%	98%
Durable Medical Equipment	93%	74%	98%
Optical	48%	17%	98%
Physician	70%	66%	98%
Rehabilitation Center Therapy	23%	N/A	98%

\*Dental is compared to usual and customary (UCR). Codes with Medicare comparisons were at 63%.

## Conclusion

- Since Missouri's emphasis on rate parity began, MO HealthNet rates when combining all programs have increased 8% from 58% of Medicare to 66% of Medicare.

MO HealthNet Rate Parity		
Program	SFY-2009 Rates as a Percentage of Medicare	SFY-2008 Rates** as a Percentage of Medicare
Ambulance	42%	35%
Audiology	60%	65%
Dental*	38%	33%
Durable Medical Equipment	93%	92%
Optical	48%	49%
Physician	70%	62%
Rehabilitation Center Therapy	23%	25%

\*Dental is compared to the usual and customary rate (UCR).  
\*\*Rates prior to increases given in SFY-2009 budget.

Please see the Appendix for detailed findings by program area.

## References

*Physicians' Current Procedural Terminology* (1999). 2008 ed. American Medical Association. Hosted by Wisconsin Physicians Service Insurance Corporation October, 2008 from <http://www.wpsic.com/medicare>

*Current Dental Terminology* (2004) 4<sup>th</sup> ed. American Dental Association. Hosted by Wisconsin Physicians Service Insurance Corporation October, 2008 from <http://www.wpsic.com/medicare>

Wasserman, Y. (2008). *2008 National Dental Advisory Service Fee Report*. Medical Publishers, Ltd.

*The Medicare Improvements for Patients and Providers Act of 2008* (July 16, 2008). Centers for Medicare and Medicaid Services, Office of Public Affairs. Hosted by Centers for Medicare and Medicaid Services, 2008 from <http://www.cms.hhs.gov/apps/media/press/factsheet.asp?Counter=3200>

## Appendix

		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
<b>Codes with Medicare Comparison</b>						
Children	Ground Mileage	3	252,561	\$882,686	\$1,621,442	54%
	Ground Transport, Services & Supplies	12	9,816	\$1,616,563	\$3,251,345	50%
Adults	Air Mileage	4	52,053	\$130,133	\$1,594,924	8%
	Air Transport, Services & Supplies	5	873	\$1,126,179	\$3,503,018	32%
	Ground Mileage	1	634,916	\$2,222,206	\$4,076,161	55%
	Ground Transport, Services & Supplies	9	42,435	\$7,168,677	\$14,298,002	50%
	Air Mileage	1	56,298	\$140,745	\$1,731,164	8%
	Air Transport, Services & Supplies	2	1,767	\$1,768,402	\$5,493,698	32%
	<b>SUBTOTAL</b>		<b>\$15,055,590</b>	<b>\$35,569,753</b>		<b>42%</b>
<b>Codes with State Proxy Comparison</b>						
Children	Air Transport, Services & Supplies	1	108	\$540	\$867	62%
Adults	Air Transport, Services & Supplies	1	405	\$2,025	\$3,252	62%
	<b>SUBTOTAL</b>		<b>\$2,565</b>	<b>\$4,119</b>		<b>62%</b>
<b>Codes with CPI Comparison</b>						
Children	Ground Transport, Services & Supplies	2	29	\$580	\$593	98%
	Air Transport, Services & Supplies	4	413	\$4,400	\$4,497	98%
Adults	Ground Transport, Services & Supplies	2	7	\$140	\$143	98%
	Air Transport, Services & Supplies	4	2,415	\$21,150	\$21,615	98%
	<b>SUBTOTAL</b>		<b>\$26,270</b>	<b>\$26,848</b>		<b>98%</b>

		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
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Children	Evaluations & Testing	32	13,063	\$260,822	\$422,057	62%
Adults	Evaluations & Testing	8	717	\$10,674	\$29,257	36%
	<b>SUBTOTAL</b>			<b>\$271,496</b>	<b>\$451,314</b>	<b>60%</b>

**Codes with Proxy Comparison**

Children	Fittings, dispensing fees, batteries, ear molds, etc.	5	9,461	\$33,292	\$64,396	52%
	Hearing Aids	2	5	\$1,925	\$3,094	62%
Adults	Fittings, dispensing fees, batteries, ear molds, etc.	4	115	\$4,765	\$13,774	35%
	Hearing Aids	15	198	\$76,230	\$105,566	72%
	Evaluations & Testing	1	1	\$5	\$13	41%
	<b>SUBTOTAL</b>			<b>\$116,217</b>	<b>\$186,843</b>	<b>62%</b>

**Codes with CPI Comparison**

Children	Fittings, dispensing fees, batteries, ear molds, etc.	10	872	\$23,565	\$24,083	98%
	Hearing Aids	3	13	\$5,005	\$5,115	98%
Adults	Fittings, dispensing fees, batteries, ear molds, etc.	9	626	\$25,220	\$25,775	98%
	Hearing Aids	8	35	\$13,475	\$13,771	98%
	<b>SUBTOTAL</b>			<b>\$67,265</b>	<b>\$68,744</b>	<b>98%</b>

**Manually Priced Codes**

Children	Repairs/Replacement Parts (Amt Paid = \$13,416)	8	105
	Hearing Aids (Amt Paid = \$437,624)	19	328
Adults	Repairs/Replacement Parts (Amt Paid = \$5,524)	3	55

These units account for 2% of the total units billed and 50% of the costs paid for this program.

Manually priced items are priced at cost + 20%.

Adult eligibility for the Audiology program is limited to the blind and pregnant women.

		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
<b>Codes with UCR Comparison</b>						
Children	Dental Services	169	416,394	\$14,992.333	\$39,355,770	38%
Adults	Dental Services	142	59,238	\$3,114.539	\$8,335,727	37%
	<b>SUBTOTAL</b>			\$8,106,872	\$47,691,497	38%
<b>Codes with Medicare Comparison</b>						
Children	Dental Services (Physician codes billed by Dentists)	57	42,286	\$1,713,261	\$2,718,767	63%
Adults	Dental Services (Physician codes billed by Dentists)	62	7,438	\$602,045	\$962,409	63%
	<b>SUBTOTAL</b>			\$2,315,306	\$3,681,176	63%
<b>Codes with Proxy Comparison</b>						
Adults	Dental Services (Physician codes billed by Dentists)	1	2	\$1,380	\$1,967	70%
<b>Codes with CPI Comparison</b>						
Children	Dental Services	3	2,864	\$55,474	\$56,694	98%
Adults	Dental Services	2	15	\$118	\$120	98%
	<b>SUBTOTAL</b>			\$55,592	\$56,814	98%
<b>Manually Priced Codes</b>						
Children	Dental Services (Amt Paid = \$223,188)	10	1,354			
Adults	Dental Services (Amt Paid = \$28,794)	2	438			
These units account for less than 1% of the total units billed for this program.						
<b>Orthodontics</b>						
MO HealthNet covers orthodontic treatment for children. The treatment has to be prior authorized. The rate of reimbursement will be determined by the severity of the case. MO HealthNet will pay a 25% down payment, then quarterly payments for 24 months.						
During SFY-2008, 870 units were billed. MO HealthNet's cost was \$212,281.						

		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
<b>Codes with Medicare Comparison</b>						
Children						
Supplies-Purchase		150	293,033	\$1,086,300	\$1,089,654	100%
Enteral & Parenteral Therapy-Purchase		33	1,339,434	\$3,088,469	\$3,577,277	86%
Enteral & Parenteral Therapy-Rental		1	72	\$25,510	\$29,864	85%
Equipment-Purchase		160	11,331	\$1,504,081	\$1,502,743	100%
Equipment-Rental		49	20,162	\$1,746,565	\$2,012,387	87%
Orthotic & Prosthetic-Purchase		311	10,618	\$1,947,589	\$2,481,203	78%
Adults						
Supplies-Purchase		145	147,835	\$737,007	\$780,085	94%
Enteral & Parenteral Therapy-Purchase		25	617,618	\$1,292,014	\$1,482,246	87%
Enteral & Parenteral Therapy-Rental		3	6,740	\$38,824	\$45,613	85%
Equipment-Purchase		219	15,894	\$8,644,005	\$8,648,908	100%
Equipment-Rental		61	82,835	\$11,447,915	\$11,663,073	98%
Orthotic & Prosthetic-Purchase		352	13,321	\$3,181,577	\$3,994,782	80%
	<b>SUBTOTAL</b>			<b>\$34,739,856</b>	<b>\$37,307,835</b>	<b>93%</b>
<b>Codes with Proxy Comparison</b>						
Children						
Supplies-Purchase		46	1,713,877	\$971,612	\$1,373,647	71%
Enteral & Parenteral Therapy-Purchase		6	1,372,111	\$1,029,949	\$1,371,884	75%
Equipment-Purchase		10	98	\$50,634	\$65,038	78%
Orthotic & Prosthetic-Purchase		15	525	\$23,788	\$33,944	70%
Adults						
Supplies		9	19,452	\$76,126	\$73,440	104%
Enteral & Parenteral Therapy-Purchase		2	18,329	\$12,108	\$16,817	72%
Equipment-Purchase		9	152	\$59,467	\$78,239	76%
Orthotic & Prosthetic-Purchase		10	116	\$7,494	\$12,998	58%
	<b>SUBTOTAL</b>			<b>\$2,231,178</b>	<b>\$3,026,007</b>	<b>74%</b>

## Durable Medical Equipment (continued)

Codes with CPI Comparison		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
Category	Description					
Children	Supplies-Purchase	18	353,330	\$385,951	\$394,442	98%
	Enteral & Parenteral Therapy-Purchase	1	22,015	\$18,713	\$19,124	98%
	Equipment-Purchase	3	3,531	\$550,951	\$563,072	98%
	Equipment-Rental	3	1,712	\$318,300	\$325,303	98%
Adults	Orthotic & Prosthetic-Purchase	1	2	\$78	\$79	98%
	Supplies-Purchase	7	17,638	\$2,576,447	\$2,633,128	98%
	Equipment-Purchase	4	978	\$153,748	\$157,130	98%
	Orthotic & Prosthetic-Purchase	4	8	\$838	\$856	98%
SUBTOTAL		4,005,026	\$4,093,134	98%	98%	98%

### Manually Priced Codes

Children	Supplies-Purchase (Amt Paid = \$160,274)	22	28,236	
	Enteral & Parenteral Therapy-Purchase (Amt Paid = \$114,277)	12	48,522	
	Equipment-Purchase (Amt Paid = \$2,562,966)	48	2,692	
	Equipment-Rental (Amt Paid = \$25,418)	8	51	
	Orthotic & Prosthetic-Purchase (Amt Paid = \$32,008)	19	175	
Adults	Supplies-Purchase (Amt Paid = \$19,562)	7	1,252	
	Enteral & Parenteral Therapy-Purchase (Amt Paid = \$6,510)	4	2,240	
	Equipment-Purchase (Amt Paid = \$6,709,673)	38	3,867	
	Equipment-Rental (Amt Paid = \$78,001)	3	1,072	
	Orthotic & Prosthetic-Purchase (Amt Paid = \$22,294)	17	160	

These units account for 1% of the total units billed for this program.

Manual Wheelchairs-Manually Priced at 85% of Manufacturer's Suggested Retail Price  
 Power Wheelchairs-Manually Priced at 90% of Manufacturer's Suggested Retail Price

## Durable Medical Equipment (continued)

		Repairs	Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
Children	Repairs (Amt Paid = \$161,873)						
Adults	Repairs (Amt Paid = \$727,617)						

These units account for less than 1% of the total units billed for this program.

Over half of MO HealthNet repair codes are manually priced.

Manual wheelchair parts are manually priced at 85% of Manufacturer's Suggested Retail Price.

Power wheelchair parts are manually priced at 90% of Manufacturer's Suggested Retail Price.

Orthotic & Prosthetic repairs are reimbursed at \$42 per hour.

	Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
<b>Codes with Medicare Comparison</b>					
Children	42	5,817	\$143,021	\$401,794	36%
	110	54,639	\$906,539	\$2,214,777	41%
Adults	61	10,865	\$250,708	\$712,352	35%
Frames/Lens				\$5,792,687	53%
<b>SUBTOTAL</b>	<b>142</b>	<b>124,854</b>	<b>\$3,076,422</b>	<b>\$9,121,610</b>	<b>48%</b>

**Codes with Proxy Comparison**

Children	2	50	\$820	\$3,481	24%
	1	292	\$4,380	\$23,386	19%
Adults	2	7,132	\$35,690	\$221,978	16%
	2	352	\$4,320	\$24,782	17%
<b>SUBTOTAL</b>			<b>\$45,210</b>	<b>\$273,627</b>	<b>17%</b>

**Codes with CPI Comparison**

Children	6	30,896	\$1,633,716	\$1,669,781	98%
	2	10	\$373	\$381	98%
Adults	5	22,744	\$1,194,435	\$1,220,802	98%
	2	465	\$17,321	\$17,703	98%
<b>SUBTOTAL</b>			<b>\$2,845,845</b>	<b>\$2,908,667</b>	<b>98%</b>

**Manually Priced Codes**

Children	Frames/Lens (Amt Paid = \$8,973)	3	212
Adults	Frames/Lens (Amt Paid = \$2,316)	3	64

These units account for less than 1% of the total units billed for this program.

Manually priced items are priced at cost + 20%.

<b>Codes with Medicare Comparison</b>		<b>Number of Codes</b>	<b>Units of Service</b>	<b>MHD Cost</b>	<b>Comparison Group Cost</b>	<b>MHD as % of Comparison Group</b>
Children						
X-ray (CPT 51725-95961)	1,015	248,073	\$5,749,666	\$6,556,895	88%	
Anesthesia (CPT 01000-01999)	452	1,692,323	\$1,586,134	\$2,538,116	63%	
Lab (CPT 80048-89190)	713	377,505	\$6,204,661	\$6,871,805	90%	
Surgery (CPT 10021-69990)	2,439	53,695	\$12,679,422	\$18,216,956	70%	
Medical Services (CPT 10180-99477)	604	844,917	\$40,357,074	\$59,345,142	68%	
Nurse Midwife (CPT 59400-99433)	27	3,105	\$303,104	\$425,313	71%	
Podiatry (CPT 10060-99341)	136	4,929	\$251,421	\$385,626	65%	
Psychologist (CPT 90801-96116)	19	139,629	\$4,153,945	\$10,083,703	41%	
Adults						
X-ray (CPT 51725-95967)	1,402	811,638	\$25,195,980	\$28,141,260	90%	
Anesthesia (01000-01999)	594	4,360,591	\$3,504,289	\$5,608,050	63%	
Lab (CPT 80048-89321)	804	977,582	\$16,419,729	\$18,876,561	87%	
Surgery (CPT 10021-69990)	3,788	157,831	\$43,573,668	\$64,250,189	68%	
Medical Services (10121-99357)	813	1,347,818	\$68,467,510	\$105,649,278	65%	
Nurse Midwife (CPT 59400-99215)	25	7,137	\$607,782	\$863,194	70%	
Podiatry (CPT 10060-99349)	263	25,905	\$1,194,007	\$1,804,121	66%	
Psychologist (CPT 90801-96116)	18	36,664	\$1,562,538	\$3,186,001	49%	
<b>SUBTOTAL</b>			<b>\$231,810,930</b>	<b>\$332,802,210</b>	<b>70%</b>	

**Codes with Proxy Comparison**

		<b>Number of Codes</b>	<b>Units of Service</b>	<b>MHD Cost</b>	<b>Comparison Group Cost</b>	<b>MHD as % of Comparison Group</b>
Children						
X-ray (CPT 76140-94772)	5	3	5	\$151	\$125	120%
Lab (CPT 80050-86870)	5	6,250	\$137,991	\$318,760	43%	
Surgery (CPT 11975-58300)	7	751	\$50,340	\$74,636	67%	
Medical Services (A4344-99395)	64	83,671	\$4,631,438	\$6,160,605	75%	
Nurse Midwife (CPT 11975-99395)	13	90	\$3,753	\$5,086	74%	
Podiatry (A4570-A4580)	2	41	\$605	\$1,421	43%	
Adults						
X-ray (CPT 72291-94150)	5	45	\$5,297	\$5,073	104%	
Lab (CPT 80050-86950)	6	21,753	\$557,244	\$1,189,849	47%	
Surgery (CPT 11975-58300)	8	1,799	\$145,611	\$173,383	84%	
Medical Services (A4216-99397)	35	24,532	\$497,141	\$1,273,393	39%	
Nurse Midwife (CPT 11975-99397)	7	97	\$3,511	\$5,490	64%	
Podiatry (A4580)	1	12	\$180	\$423	43%	
<b>SUBTOTAL</b>			<b>\$6,033,262</b>	<b>\$9,208,244</b>	<b>66%</b>	

## Physicians (continued)

		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
<b>Codes with CPI Comparison</b>						
Children		4	17	\$8,043	\$8,775	98%
	Surgery (CPT 21742-67038)	1	101	\$10,100	\$11,019	98%
	Podiatry (A4590)	5	56	\$3,786	\$4,130	98%
	X-ray (CPT 76390-95967)	5	56	\$3,786	\$4,130	98%
	Medical Services (A4300-99429)	28	22,818	\$1,056,597	\$1,079,842	98%
Adults		1	1	\$27	\$30	98%
	Lab (CPT 85999)	1	104	\$67,246	\$73,361	98%
	Surgery (CPT 37195-67038)	4	146	\$14,600	\$15,928	98%
	Podiatry (A4590)	1	166	\$7,607	\$8,299	98%
	X-ray (CPT 72281-95967)	7	44,774	\$3,845,997	\$3,930,609	98%
	Medical Services (A4300-99090)	26		\$5,014,003	\$5,131,993	98%
<b>Subtotal</b>						
Children		7	248	\$12,527	\$27,302	46%
Adults		6	20	\$2,279	\$3,752	61%
<b>Subtotal</b>						
<b>Vaccines for Children Program</b>						
Children		28	199,548	\$1,863,335	\$5,616,092	33%
	Medical Services (CPT 90633-90748)	1		\$5	\$15	33%
	Nurse Midwife (CPT 90649)					
<b>Subtotal</b>						
<b>Manually Priced Codes</b>						
Children		1	1,863,340	\$5,616,107		
	Surgery (MHD Amt Paid = \$57,102)					
	Medical Services (MHD Amt Paid = \$16,208)					
	Lab (MHD Amt Paid = \$21,203)					
	Podiatry (MHD Amt Paid = \$707)					
	X-ray (MHD Amt Paid = \$690)					
Adults		1				
	Surgery (MHD Amt Paid = \$195,815)					
	Medical Services (MHD Amt Paid = \$223,360)					
	Lab (MHD Amt Paid = \$40,129)					
	Podiatry (MHD Amt Paid = \$1,016)					
	X-ray (MHD Amt Paid = \$36,353)					

These units account for less than 1% of the total units billed for this program.



**Provider Reimbursement Rate Study  
SFY 2009 Rates**

**Rehab Center Therapy**

		<b>Number of Codes</b>	<b>Units of Service</b>	<b>MHD Cost</b>	<b>Comparison Group Cost</b>	<b>MHD as % of Comparison Group</b>
<b>Codes with Medicare Comparison</b>						
Children	Therapies, Tests & Evaluations	18	13,178	\$131,640	\$575,998	23%
<b>Codes with CPI Comparison</b>						
Children	Therapies, Tests & Evaluations	1	10	\$100	\$102	98%